



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, NOVEMBER 6, 2007
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

**TWO EXECUTIVES OF FRENCH MANUFACTURER OF MARINE HOSE
AGREE TO PLEAD GUILTY TO PARTICIPATING IN
WORLDWIDE BID-RIGGING CONSPIRACY**

Executives Agree to Serve Jail Time

WASHINGTON — Two executives of Trelleborg Industrie S.A.S., a manufacturer of marine hose located in Clermont-Ferrand, France, agreed to plead guilty to participating in a conspiracy to rig bids, fix prices and allocate market shares of marine hose in the United States and elsewhere, the Department of Justice announced today.

A one-count felony charge was filed today against Christian Caleca, president of Trelleborg's Industrial Fluid Systems business unit, and Jacques Cognard, the company's product area manager for oil and marine products, in U.S. District Court in Fort Lauderdale, Fla. Under the terms of their plea agreements, which are subject to court approval, both Caleca and Cognard have agreed to serve 14 months in jail and cooperate fully in the Department's ongoing investigation. As part of the plea agreements, Caleca has agreed to pay a \$75,000 fine and Cognard has agreed to pay a \$100,000 fine.

"Prosecuting international cartels that harm U.S. businesses and consumers continues to be our top law enforcement priority," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The outstanding efforts of the Division staff and other federal investigators, as well as the cooperation with competition agencies from other countries, enabled us to catch and promptly bring to justice these individuals for rigging bids and fixing prices."

Marine hose is a flexible rubber hose used to transfer oil between tankers and storage facilities. During the conspiracy, hundreds of millions of dollars worth of marine hose and related products were affected by the cartel worldwide. The victims of this conspiracy include companies involved in the off-shore extraction and/or transportation of petroleum products and the U.S. Department of Defense.

Caleca and Cognard are charged with participating in the conspiracy from 1999 until May 2007. The Department charged that during the conspiracy Caleca, Cognard and their co-conspirators:

- Discussed the sale of marine hose at meetings, by telephone, fax and e-mail;

- Agreed during meetings and discussions to allocate shares of the marine hose market among conspirators;
- Agreed during meetings and discussions to a price list for marine hose in order to implement and monitor the conspiracy;
- Agreed not to compete for one another's customers either by not submitting prices or bids to certain customers or by submitting intentionally high prices or bids to certain customers;
- Submitted bids in accordance with agreements reached;
- Provided customer information to a non-marine hose manufacturer who served as a clearinghouse for information to be shared among conspirators;
- Received marine hose prices for customers in the U.S. and elsewhere from the clearinghouse coordinator;
- Sold marine hose at collusive and noncompetitive prices;
- Accepted payment for marine hose at collusive and noncompetitive prices;
- Authorized subordinate employees to participate in the conspiracy; and
- Concealed the conspiracy by using code names and private e-mail accounts and telephone numbers.

Caleca and Cognard, along with other foreign executives, were arrested on May 2, 2007 in Houston and San Francisco and charged for their role in the conspiracy to suppress and eliminate competition by rigging bids, fixing prices and allocating market shares for sales of marine hose in the United States and elsewhere, following their participation in a cartel meeting in Houston. Caleca and Cognard are the first two executives to plead guilty to those charges.

In September 2007, two executives, Francesco Scaglia, a product manager at Manuli Rubber Industries SpA in Italy, and Val M. Northcutt, an executive who worked in the Florida office at Manuli Rubber, were indicted in U.S. District Court in Fort Lauderdale, Fla., for their roles in the conspiracy. The case has been put on the court's May 2008 trial docket. Also in May 2007, five other foreign executives were charged for their involvement in the conspiracy—Peter Whittle, owner of the U.K.-based consulting firm PW Consulting (Oil & Marine) Ltd.; Bryan Allison, managing director, and David Brammar, sales and marketing director, both of the U.K. company Dunlop Oil & Marine Ltd.; Vanni Scodeggio, a business unit manager at Parker ITR srl in Italy; and Misao Hioki, an executive involved in the sale of marine hose for Bridgestone Corporation in Japan.

Law enforcement agencies from multiple foreign jurisdictions are investigating or assisting in the ongoing matter.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section, the Defense Criminal Investigative Service of the Department of Defense's Office of Inspector General, the U.S. Navy Criminal Investigative Service, and the Federal Bureau of Investigation.

Caleca and Cognard are each charged with a violation of the Sherman Act which carries a maximum sentence of 10 years imprisonment and a fine of \$1 million for individuals. The

maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006 is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

Anyone with information concerning bid rigging or other anticompetitive conduct in the marine hose industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694, or the Mission Viejo Office of the Defense Criminal Investigative Service at 949-643-4191.

###

07-895